

1 going to support me as I was going to be selling, you
2 know, getting time and part of the 30 seconds that was
3 allowed to me on the translators, since that would be
4 part of the feed to all those translators. That was
5 the mechanics of how initially it was going to operate.

6 Q Was this something that you had discussed with Mr.
7 Southmayd at all to see whether or not it was in
8 accordance -- in accord with the rules?

9 A No, just an understanding between Mr. Becker and myself
10 that that's how it had been done in the past and that's
11 how it would continue but under a total entity, Coastal
12 doing it.

13 Q Okay, just bear with me a second. I don't understand
14 how Coastal was doing it if in fact Peninsula is the
15 entity that's inserting the commercials and making sure
16 that the commercials run at the proper time.

17 A Well, the 30 second spots were mine to air.

18 Q Right.

19 A And the only way they could get aired was through the
20 primary station at that point. That's how they had
21 been done and that's how they would continue to be
22 done.

23 Q That was your understanding.....

24 A That was my understanding.

25 Qof how it was going to be done.

1 A And there was no conflict, to our understanding of the
2 rules that that was in compliance. I was the entity
3 doing it.

4 Q Okay. And you gained that understanding, how?

5 A In speaking with Mr. Becker when it came to the
6 operational point of it. We were ready to go, I had
7 cards and rate cards and everything all made up. And
8 down the road, since things had changed again with
9 technology.....

10 Q Well, yeah, let's.....

11 Abut that's a different scenario. That's scenario
12 B.

13 Q Right. But in terms of scenario A I just want to make
14 sure that I've got a clear picture of what your
15 thinking was at the time the Asset Purchase Agreement
16 was signed and assuming that there was a grant
17 relatively quickly thereafter, how you were actually
18 going to get your commercials on the air.

19 A I would hand carry them over to the station to be
20 aired.

21 Q And the station meaning Peninsula?

22 A Peninsula, right.

23 Q And you would be giving something to Peninsula people
24 at the Homer studio for them to insert?

25 A Insert at my 30 second spots. And they were obligated

1 to allow me that 30 second spot when it was scheduled
2 in. That was in compliance with my 30 second spot
3 availability and that's how it would be plugged in.

4 Q Was this something that you had any understanding with
5 Peninsula as to what, if any, compensation you would
6 give them for them to do this for you?

7 A They would, no, it would be -- that would just be part
8 of the sale to keep the -- under the new arrangement,
9 having divested, the only way that those could happen
10 would be to go through the airing of that and that was
11 understood that's how it was going to happen in my
12 discussion with Mr. Becker. Now if there were any
13 costs involved, if there were production costs or
14 something, then Peninsula and the people who I was
15 sponsoring or I was selling air time to, I would charge
16 them maybe a production fee. And pass that on if it's
17 something that needed to be produced at Peninsula. And
18 they would be reimbursed that direction from me back to
19 them if there was any production costs involved if they
20 did any production that was necessary.

21 Q So in other words, if Peninsula produced the
22 commercial, somehow money was going to go from who to
23 whom?

24 A If I had a client that needed a commercial cut and
25 there was no other way of getting it done at that

1 point, for startup at least, I was going to do
2 scripting, get it ready to be aired. If there was any
3 production that needed to be done I would take that
4 script that I had already written up, under my control,
5 taken it to Peninsula and I would pay them as a
6 separate entity time for production for that, whatever
7 it took for them to get it on the air. And so it was
8 not Peninsula giving me money for anything. It was
9 going the other where I would pay them if I needed any
10 services that way. The way it had been done all along,
11 out in the field, salesman make a sale, come back and
12 make the commercial and it would be aired. But then,
13 now it had to go through me to be the agent and I had
14 the lead time with those 30 second spots.

15 Q And this -- this plan was developed between yourself
16 and Mr. Becker as to how this was going to be done?

17 A Basically, just to see that operations would continue
18 fairly much as normal from the listeners' point of view
19 but everything to be legal and to meet the demands,
20 everything was through a separate entity. They had no
21 control over that. Peninsula had no control over that.
22 It would be me as Coastal doing it, producing it, and
23 then seeing that it got on and aired.

24 Q Now if I understood you right, you don't know whether
25 or not this scenario was presented to Mr. Southmayd to

1 see what his opinion was as to whether or not it was
2 within the rules?

3 A Yes, I do not know that at that point.

4 Q Now you had also mentioned a Plan B which apparently
5 was developed at some later point in time.

6 A It, you know, it's -- it's with all the new com -- we
7 could see the possibility of it being done where
8 separate studio, separate -- separate feed and so forth
9 from say Coastal's point of view to do direct inserts
10 and bypassing Peninsula totally up and down link and so
11 forth, you know, through Internet to get those things
12 aired at the site. And that was another long term
13 possibility. We had a couple of options but again
14 we're under pressure to get time to get this on the air
15 and so the initial plan was the one I originally stated
16 to you and then the second one was to maybe at a later
17 date, upgrade some of the newer technologies that would
18 allow it to happen and still be in compliance.

19 Q Now with respect to the use of the newer technologies,
20 did you have any notion as to how much it was going to
21 cost to be able to effectuate the scenario that you
22 just mentioned?

23 A No that was -- that was just a, you know, a remote
24 thought, as a possibility. It's possibility thinking
25 later down the road. Again, we're under pressure to

1 meet the mandate, the get this thing done and it had
2 drug out for so long but at the initial Asset Purchase
3 Agreement that's what we were ready to do.

4 Q Oh, now, we had talked about how it was that the
5 translator stations were initially evaluated in terms
6 of how much you were going to spend and how much
7 Peninsula wanted to charge for the nine translators.
8 My question at this point is what background at this
9 stage, that is the November 1996 stage, did you have in
10 terms of assessing how much any pieces of equipment
11 involved in the translator operations would cost?

12 A I think I asked Mr. Becker for general scenarios to be
13 in the ballpark for doing my homework in terms of
14 operations and I believe he stated and gave me some
15 rough figures of what it was costing him. That's what
16 I plugged into some of those figures from the
17 projections for the loan.

18 Q Right. I guess what I'm more focused at this point on
19 the various pieces of equipment that you were going to
20 be, you know, using and to do this by way of analogy to
21 give you an idea of where I'm coming from with this
22 question, I've been to a hospital many times,
23 unfortunately for one reason or another.

24 A Me too.

25 Q And every once in a while I have to get x-rayed. I

1 know what a piece of x-ray equipment looks like. I've
2 been behind it a number of times but I haven't a clue
3 as to how much it cost so what I'm asking is with
4 respect to the various pieces of translator equipment
5 that are going to be transferred from Peninsula to
6 Coastal, what experience did you have in November 1996
7 as to how much any of those pieces of equipment
8 actually cost?

9 A I could ballpark pretty much the scenario for
10 translators to put a translator station on. I did get
11 some clues from Mr. Becker as to what, you know,
12 original costs for him and when I looked at the
13 equipment that was required to put in place and I
14 looked at some newer equipment that was on the market,
15 various sales and conventions and things like that, I
16 did get some hands on information and everything seemed
17 to be within that same ballpark figure. Just state-of-
18 the-art industry, where things were at. The use of
19 translators were becoming more and more available and
20 used and so prices were coming down a little bit on
21 some of those things and again, I'm looking at figures
22 of basically what Mr. Becker, when I asked him, what
23 does the -- what does it cost you to put one of these
24 things on. And when he gave me a figure of new,
25 \$20,000, you know, I looked at the equipment and that

1 kind of thing and I priced the antennas and things like
2 that and said that's about right.

3 Q In other words you confirmed.....

4 A I just confirmed.....

5 Q You tried to confirm the information that he gave
6 you.....

7 A That's correct.

8 Qas to the cost of putting up a new translator.

9 A Right. And at the same time I get other feedback like
10 an article in one of the newspapers where the
11 competitors were being interviewed about this whole
12 scenario. And one scenarios says, why it's absolutely
13 ridiculous that those things aren't worth a thing. No
14 one in their right mind would pay \$100,000 for those
15 things. It's useless. They don't generate any money
16 at all. One of the competitors said that. Turn around
17 the very next paragraph someone says, it's outrageous,
18 why is he giving those away. And so, you know, I'm
19 just looking at this saying, you know, people are going
20 to shoot it down. I think I have a smart enough head
21 to understand basically what pieces of equipment cost
22 whether they're test equipment or FM translators and
23 antennas, cable, all those kind of things, you know, to
24 me it rang true that Mr. Becker's figures were right on
25 and with the depreciation and so forth, plus the value

1 of the licenses added on to it, I felt it was very,
2 very appropriate.

3 Q Now what, if any, understanding did you have as to
4 whether or not you were obligated to continue airing
5 Peninsula's programming as opposed to airing something
6 else?

7 A I could -- my understanding was I could go and just --
8 if I didn't like what Peninsula was doing on air, I
9 could bring anyone else in, you know, and translate
10 theirs. I was free to do that. I was that separate
11 entity and I was free to do that.

12 Q Now as a practical matter though what -- what options
13 really did you have and let's go market by market. For
14 Kodiak, was there anybody else beside Peninsula that
15 you could use?

16 A Oh, I could have -- I could have gone to the
17 competition who didn't put the stations in, KSRM or one
18 of the others. I said, hey, how would you like to be
19 translated? You know, that was an option. But again,
20 because I had deep respect for the way Mr. Becker did
21 things technically and his programming and his bent on
22 serving the public in each of the communities, I didn't
23 -- I wanted -- I hated to see all his work for those
24 areas go down the tube because competitors didn't like
25 what he was doing and he was a success at it. My

1 intent was to keep things as much in tact as possible
2 because I valued the public service that was being
3 provided, not only by the primary stations, but by the
4 lawful use, allotted by the Commission to use the
5 translators to communities that -- that were receiving
6 the signal and appreciate it. And there were many
7 testimonials and letters sent that they -- the people
8 in those communities appreciated everything that was
9 being done. And with quality and with above board
10 honesty as far as I was concerned and could determine
11 and I very much applauded that, that he was person
12 devoted hours and hours not only technical know how but
13 business-wise and programming-wise, I had the utmost
14 respect for Mr. Becker and what he's done in this hard
15 labor. And I didn't want to see any of that go down
16 the tube after his years of hard work with a good
17 product that he produced and I felt a real privilege to
18 be able to be, you know, a possible link here to help
19 out in that area.

20 Q Okay. I know we're getting toward the end. The one
21 thing that I would ask is that, you know, just try to
22 keep your answer focused on my question. The day will
23 likely come when you have the opportunity to tell the
24 judge and/or others who may be interested all the
25 things that you've just told us. That's not why we're

1 here right now. Anyway, again focusing on the November
2 1996 time frame, did you have in mind a minimal,
3 acceptable income that you were expected to generate as
4 a result of the translators?

5 A My projections in the -- in the.....

6 Q Loan application.

7 Aloan application, you will see my projections at
8 various scenarios. Seventy percent full, 100 percent
9 full, the ideal and I projected those and there should
10 be a figure at the bottom of that on each scenario,
11 calculating of what the income would be. And we were
12 looking at it roughly, I think, it was \$30,000 a year.
13 It's not being real rich but it would supplement my
14 retirement and that was the idea.

15 Q Certainly you thought you were at least going to break
16 even?

17 A Yes, at least break even. I was hoping to make my
18 projection and hopefully, eventually \$30,000, I wasn't
19 going to be greedy, I just wanted some supplemental
20 income and I had seen those things happening. So that
21 was my goal.

22 Q All right. Off the record for a second please.

23 THE REPORTER: Off the record.

24 (Off record at 2:22 p.m.)

25 THE REPORTER: On the record.

1 (On record at 2:22 p.m.)

2 Q Mr. Buchanan, the favorite words of any deponent, I
3 have no further questions.

4 A Thank you. I trust I've been helpful.

5 THE REPORTER: Before we go off record according to
6 Alaska Civil Rule 30(e) it is your right to read and sign
7 your deposition if it is transcribed. Would you like to
8 exercise that right?

9 MR. SHOOK: Yes I would.

10 THE REPORTER: Off the record.

11 (Deposition adjourned at 2:22 p.m.)

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1 I have read the foregoing pages 366 through 501,
2 and they are a true and accurate record of my
3 testimony therein recorded, and any changes and/or
4 corrections appear on the attached errata sheet
5 signed by me.

6 _____
7 DAVID R. BUCHANAN
8

9 Subscribed and sworn to before me
10 this ____ day of _____, 2002.

11 _____
12 Notary Public

13 My Commission expires: _____
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JURISDICTION: _____

Before me, the undersigned authority, personally appeared David R. Buchanan, who, after being duly sworn states that he has read the foregoing deposition transcript, and states that he wishes to make the following changes or corrections to this transcript for the following reasons:

PAGE	LINE	CHANGE	REASON FOR CHANGE
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The witness states that the deposition transcript, pages 366 through 501, is otherwise true and accurate.

Subscribed and sworn to before me
this _____ day of _____, 2002.

Notary Public

My Commission Expires: _____

REPORTER'S CERTIFICATE

FCC DOCKET NO.: 02-21


CASE TITLE: Peninsula Communications, Inc.

HEARING DATE: August 16, 2002

LOCATION: Homer, Alaska

I hereby certify that the proceedings and evidence are contained fully and accurately on the tapes and notes reported by me at the hearing in the above case before the Federal Communications Commission.


Date: 8/16/02


Atiyah Barlow
Official Reporter
Heritage Reporting Corporation
1220 L Street, N.W., Suite 600
Washington, D.C. 20005-4018

TRANSCRIBER'S CERTIFICATE

I hereby certify that the proceedings and evidence were fully and accurately transcribed from the tapes and notes provided by the above named reporter in the above case before the Federal Communications Commission.

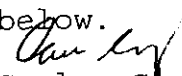
Date: 8/16/02


Atiyah Barlow
Official Transcriber
Heritage Reporting Corporation

PROOFREADER'S CERTIFICATE

I hereby certify that the transcript of the proceedings and evidence in the above referenced case that was held before the Federal Communications Commission was proofread on the date specified below.

Date: 8/16/02


Carlos Gamez
Official Proofreader
Heritage Reporting Corporation